



Caerus Oil & Gas LLC  
1001 Seventeenth Street  
Suite 1600  
Denver, Colorado 80202

October 22, 2018

Julie Murphy, Director  
Colorado Oil and Gas Conservation Commission  
Department of Natural Resources  
1120 Lincoln Street, Suite 80202  
Denver, CO 80203

RE: Request for Exception to Rule 318.d.(3) – Big Jimmy Unit (COC74105X) Section 23 and 24, T4S-R96W and Expanded Liberty Unit (COC69926X) for Bottom Hole Locations within 600' of stated Federal Units in Garfield County, CO. This request includes the following eight wells.

Fed 11A-24-496 (Doc. No. 401648137); Fed 11B-24-496 (Doc. No. 401681497); Fed 21A-23-496 (Doc. No. 401681488); Fed 21B-23-496 (Doc. No. 401681490) Fed 25B-14-496 (Doc. No. 401680996); Fed 25C-14-496 (Doc. No. 401681302); Fed 15C-13-496 (Doc. No. 401681479); and Fed 15D-13-496 (Doc. No. 401681484).

Dear Director Murphy:

Caerus Piceance LLC ("Caerus") respectfully requests an exception to Rule 318.d.(3) which states, "In a unit operation, approved by federal or state authorities, the rules herein set forth shall not apply except that no well in excess of two thousand five hundred (2,500) feet in depth shall be located less than six hundred (600) feet from the exterior or interior (if there be one) boundary of the unit area."

On August 2, 2018 the Bureau of Land Management granted Caerus Piceance LLC "setback relief" in the Big Jimmy Unit (COC74105X) and the Expanded Liberty Unit (COC69926X). Caerus requested that the setback be adjusted to 100' from the exterior or interior boundary of both Federal Units for any well drilled to the Williams Fork Formation. BLM responded stating, "BLM agrees with setbacks being adjusted to 100' from the exterior or interior boundaries of the Big Jimmy Unit (COC74105X) and the Expanded Liberty Unit (COC69926X) for the North and South boundaries only based on Spacing Order 510-13 and additional spacing orders for the Williams Fork Formation in the Piceance Basin".

Further, Caerus Piceance LLC is requesting this exception because Caerus Piceance LLC is the offset surface owner and the Bureau of Land Management (BLM) is the mineral owner. Attached to this request find a signed wavier from BLM granting Caerus setback relief request for all BHLs in the Big Jimmy Unit (COC74105X) and the Expanded Liberty Unit (COC69926X).

Sincerely,

A handwritten signature in black ink that reads "Reed Haddock". The signature is written in a cursive, flowing style.

**Caerus Piceance, LLC**

Reed Haddock

Sr. Regulatory Specialist

1001 17<sup>th</sup> Street, Suite 1600

Denver, CO 80202